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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	91226463
Party	Plaintiff Intel Corporation
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**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD**

Intel Corporation,	§	Opposition No. 91226463
	§	
Opposer,	§	Serial No.: 86/609,735
	§	
v.	§	Mark: TRONIUM INSIDE
	§	
Advanced Charging Technologies, Inc.,	§	International Class 9
	§	
Applicant.	§	Published: August 25, 2015
	§	

REPLY IN SUPPORT OF MOTION TO STRIKE AFFIRMATIVE DEFENSES

In its Opposition in Response to Motion to Strike Affirmative Defenses (“Opposition” or “Opp.”), Applicant Advanced Charging Technologies (“ACT”) fails to establish that its “trademark misuse” defense is a valid defense to a claim of likelihood of confusion and/or dilution, and specifically, that the defense is valid in a trademark opposition proceeding before the Board. ACT does not cite to a single decision applying such a defense, and ACT’s semantics over whether it is an “affirmative defense” or an “affirmative claim” miss the point – “trademark misuse” is not a valid defense here. The rest of ACT’s Opposition fails to explain why its “affirmative defenses” of descriptiveness, abandonment, and lack of fame should not be stricken, given that they are not defenses. As explained in Intel’s Motion, and below, all of ACT’s affirmative defenses should be stricken without leave to amend.

I. THE BOARD SHOULD DISMISS ACT’S “TRADEMARK MISUSE” DEFENSE BECAUSE IT IS NOT A VALID DEFENSE IN A BOARD PROCEEDING

ACT’s affirmative defense of “trademark misuse” should be stricken for multiple reasons, several of which are exposed by ACT’s own Opposition:

- (1) ACT fails to establish that such a defense exists or has been judicially recognized;
- (2) ACT fails to justify the *ad hoc* creation of such a “defense” in a Board opposition proceeding;

- (3) ACT fails to enumerate the elements of such a defense or indicate how the defense would be applied;
- (4) ACT does not articulate the legal effect the defense would have on these proceedings;
- (5) ACT fails to recognize a trademark owner's right and obligations to protect its trademark, which run counter to the notion that doing so would be "misuse";
- (6) ACT does not consider the First Amendment implications of this "defense" or how it is at odds with a litigant's privileged right to bring a legal action; and
- (7) ACT fails to demonstrate that "trademark misuse" qualifies under the "constituting an avoidance or affirmative defense" language of Fed. R. Civ. P. 8(b).

As explained below, the Board should not entertain the notion of recognizing a "new" affirmative defense, let alone under the circumstances of the instant opposition proceeding.

First, as Intel correctly observed in its motion, there is no legally cognizable defense – in any court or USPTO decision – of "trademark misuse" in the context in which ACT has asserted it. That alleged defense has not been applied or upheld in any reported case (*see* Motion at 4-6), and the Board has declined to apply that defense in several, recent decisions. Nevertheless, Applicant argues that this defense should not be stricken because some courts have suggested that "trademark misuse" might only be an affirmative defense as opposed to an affirmative claim. Opposition at 2-4. This argument, however, is unavailing here. The question is not whether courts have acknowledged the theoretical possibility of a "trademark misuse" defense while rejecting an affirmative claim for trademark misuse. The question, instead, is whether any court, or the Board, has ever applied such a defense. ACT is unable to provide any such example, as none exists.

Accordingly, the cases cited by ACT are unpersuasive, non-binding, and inapplicable. For example, ACT relies on *Santander Consumer USA Inc. v. Walsh*, 762 F. Supp. 2d 217, 239

(D. Mass. 2010), where the court dismissed a counterclaim for trademark misuse and stated that the Lanham Act allows for an affirmative defense of misuse of a trademark in violation of antitrust laws.¹ But, first of all, and bottom line, the court dismissed the counterclaim of trademark misuse. It did not (as would be applicable here) consider a motion to dismiss an affirmative defense. Thus ACT's reliance upon *Santander* is misplaced as the case is inapposite to its position. Moreover, while this non-binding decision might be stretched to suggest that such a defense exists, in theory, it does not describe what that defense would entail, how it would be applied, or that it would obviate a finding of likelihood of confusion or dilution. Similarly, in *Dunn Computer Corp. v. Loudcloud, Inc.*, 133 F.Supp.2d 823, 831 (E.D.Va. 2001), the court dismissed a claim of "trademark misuse" because, the Court explained, it cannot serve as an affirmative claim, but only a defense. However, the decision does not actually analyze such a defense, or describe its elements. Notably, ACT does not cite a single case applying the "trademark misuse" defense.

As Intel demonstrated in its motion, no such case appears to exist. Motion at 4-6. ACT's argument that Intel misinterprets *Juno Online Servs., L.P. v. Juno Lighting, Inc.*, 979 F.Supp. 684 (N.D.Ill.1997) (Opp. at 3-4) is a red herring. The fact that the Board has stricken this *precise* defense in other matters (Motion at 4-5) is relevant here, despite ACT's contention to the contrary (Opp. at 5).

¹ Use of a trademark in violation of antitrust laws is sometimes referred to as "trademark misuse." See *Carl Zeiss Stiftung v. V.E.B. Carl Zeiss*, 298 F.Supp. 1309 (S.D.N.Y.1969) (citing 15 U.S.C. §1115(b)(7)). ACT did not, and cannot, argue that Intel is engaged in anticompetitive behavior – it is not attempting to thwart competition or prevent ACT from selling microchips; it merely seeks to *prevent registration* of a mark that is likely to cause confusion with, and likely to dilute, its famous INTEL INSIDE trademark. In any event, the "antitrust" version of trademark misuse has also never been applied in any case, let alone a proceeding over the prospective registration of a trademark. See 6 McCarthy on Trademarks and Unfair Competition § 31:91 (4th ed.) ("While the courts have recognized the theoretical possibility of the antitrust misuse-unclean hands defense, in no final reported decision involving trademark infringement has a court actually refused to enforce a trademark because it was used in violation of antitrust law.").

Second, even if ACT had properly argued for an extension of the law to create a brand new affirmative defense, ACT has not explained how a Board proceeding is an appropriate forum for the defense, or why the Board should entertain it. At the outset, ACT has not stated what the elements of such a defense would be, despite the requirement in TBMP §311.02(b) that “[t]he elements of a defense should be stated simply, concisely, and directly,” nor has it cited to any legal authority that would guide the analysis. It is unclear what an applicant would have to show to prevail on its “affirmative defense,” including whether it would have to allege specific examples and types of activities (in satisfaction of Fed. R. Civ. P. Rule 9), which ACT has not pleaded here. It is similarly unclear how the defense would be pleaded given that it would be incongruous to allege that a trademark owner’s actual success in defending its trademark is evidence of wrongdoing. There is no indication whether or how an applicant would have to prove that it has been damaged by the alleged “trademark misuse.” These are among the reasons why ACT’s attempt to plead this “defense” *does not come close* to meeting the notice and pleading requirements of the Federal Rules of Civil Procedure and *Iqbal* and *Twombly*. See *Ashcroft v. Iqbal*, 129 S.Ct. 1937, 1949 (2009) and *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544 (2007) (requiring well-pleaded factual matter and more than “unadorned accusations” or mere “labels and conclusions.”).²

Third, in the same vein, ACT has not explained the basis of the Board’s authority to consider trademark misuse in these proceedings, or the nexus between that defense and the

² ACT also argues that affirmative defenses are not subject to the pleading standard of *Iqbal* and *Twombly*. Motion at 5. However, ACT merely cites a case stating that courts have been divided as to whether affirmative defenses must meet that standard. ACT ignores *Falley v. Friends Univ.*, 787 F. Supp. 2d 1255, 1256 (D. Kan. 2011), which collects cases coming out on both sides of the issue and notes that the position that the *Twombly* plausibility standard applies to affirmative defenses “appears to be the majority position.” If the Board is going to follow any district court guidance in this regard, it should follow the majority position and apply *Twombly* and *Iqbal*. Doing so, there can be no other conclusion that, even if “trademark misuse” could apply here, which it cannot, ACT has not pled it sufficiently.

fundamental issue in this proceeding: whether Applicant's **TRONIUM INSIDE** mark is likely to cause confusion and likely to dilute Intel's INTEL INSIDE and its family of other "[term + INSIDE]" marks. In other words, what matters in *this* proceeding is whether ACT's TRONIUM INSIDE mark is likely to cause confusion with and likely to dilute Intel's famous marks. In violation of *Iqbal* and *Twombly*, ACT offers no explanation why Intel's *alleged* and *unspecified* "abusive" conduct would have any bearing on the matter, or somehow excuse ACT's conduct in misappropriating Intel's trademark rights. Nor has it plead any facts to defend its own adoption of a confusingly similar mark that replicates and co-opts Intel's famous INTEL INSIDE brand and format, for use with identical products, and -- like Intel's processors -- one ending in the suffix IUM. Again, ACT has not provided any explanation or legal authority as to how or why such a defense would apply in the context of a USPTO proceeding.

Fourth, there are other dangers inherent in ACT's attempt to create a new affirmative defense that would ostensibly apply whenever any company is diligent about protecting its trademarks, or whenever a trademark owner exercises its right to oppose a pending application upon publication of that application for opposition. ACT's position is at odds with legal precedent holding that a trademark owner must enforce its rights and protect its brand, or risk the weakening of its mark. Indeed, evidence of a party's diligent enforcement efforts is often considered when evaluating the "strength of the mark" factor. Motion at 6-7. ACT's attempt to create a "trademark misuse" defense that might apply where a party is diligent about enforcing its rights runs counter to the notion that an enforcement campaign would support the strength of an opposer's trademarks.

Fifth, application of the trademark misuse defense to these proceedings would undercut a litigant's First Amendment right to file a complaint or petition the government for relief. "The Noerr-Pennington doctrine ensures that those who petition the government for redress of

grievances remain immune from liability for statutory violations, notwithstanding the fact that their activity might otherwise be proscribed by the statute involved.” *White v. Lee*, 277 F.3d 1214, 1231 (9th Cir. 2000). *Id.* “Noerr-Pennington is a label for a form of First Amendment protection; to say that one does not have Noerr-Pennington immunity is to conclude that one’s petitioning activity is unprotected by the First Amendment.” *Id.* The Noerr-Pennington doctrine extends immunity to the actual proceedings and also to conduct “incidental” to prosecution of the suit. *See Sosa v. DirectTV, Inc.*, 437 F.3d 923, 935 (9th Cir. 2006) (recognizing, in a litigation context, conduct incidental to the prosecution of a suit is protected). By its very nature, an opposition proceeding is an extension of a party’s ability to petition the government (here, the USPTO) for redress based on the party’s belief that a pending, published application is damaging to its rights. Creating a “defense” that undermines that ability is contrary to the doctrine and the First Amendment rights afforded to the complaining party.

ACT’s purported “defense” seeks to chill a trademark opposer’s *protected* activity of enforcing its trademark rights through judicial or other proceedings, and by using those very same proceedings as a shield to excuse Applicant’s wrongdoing. The Board cannot and should not sanction this incongruous result.

For each and all of the above- reasons, Applicant’s affirmative defense of “trademark misuse” must be stricken.

II. ACT DOES NOT DEMONSTRATE WHY ITS REMAINING “AFFIRMATIVE DEFENSES” SHOULD NOT BE STRICKEN

ACT’s remaining affirmative defenses should also be stricken. ACT asserted three additional defenses:

...

2. The common element in Opposer’s asserted registrations, “INSIDE,” is merely descriptive of Opposer’s goods/services and has not acquired secondary meaning.

3. On information and belief, Opposer has failed to continuously use its PENTIUM INSIDE and/or ITANIUM INSIDE marks in commerce, resulting in abandonment of any rights it allegedly acquired in the marks.

4. None of Opposer's asserted marks is a famous mark under the Lanham Act. Registration of the TRONIUM INSIDE mark would not cause harm and/or dilution to a famous mark.

ACT alleges no facts supporting any of these contentions, each of which is also legally insufficient.

For example, the second affirmative defense is a collateral attack on Intel's INTEL INSIDE and other INSIDE formative marks; including Intel's two incontestable registrations for INTEL INSIDE (see Notice of Opposition, ¶8, Exhibits A-B). Such an attack is impermissible. *See Park 'N Fly v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 224 USPQ 327 (1985) (the owner of a registered mark may rely on incontestability to enjoin infringement, and that an incontestable registration, therefore, cannot be challenged on the ground that the mark is merely descriptive); TMEP §1216.02. Additionally, the attack improperly dissects a registered mark into sub-components (*i.e.* "INTEL" and "INSIDE").

ACT's third affirmative defense is similarly deficient. ACT alleges that Intel "abandoned" PENTIUM INSIDE and ITANIUM INSIDE, but even its own articulation of "abandonment" does not meet the definition of abandonment, which requires discontinuation of use with intent not to resume use. *See Adidas AG v. Christian Faith Fellowship Church*, Cancellation No. 92053314 (TTAB Sept. 14, 2015) [Non-precedential]. ACT makes no such allegations relating to Intel's intent. Nor can it make such allegations. Further, Intel raised these examples to demonstrate the breadth of its rights to the [word]+INSIDE format; thus, whether or not those marks are currently in use is irrelevant to that particular point.

ACT does not defend its other "affirmative defenses" other than to argue that those defenses constitute 'any other matter constituting an avoidance or affirmative defense,' citing the Trademark Board Manual of Procedure (TBMP). Opp. at 7. ACT does not claim that "lack of

fame,” “abandonment,” or “descriptiveness” constitute an “avoidance,” and it does not cite any Board decision or court opinion holding that the TBMP language applies to reiterated denials of the allegations in the Notice of Opposition. It is more likely that the language in the TBMP is meant to reconcile the list of applicable defenses in TBMP §311.02(b) with the longer list of 19 affirmative defenses found in Fed. R. Civ. P. 8(b). The language may also be included to make the point that any affirmative defense that is not pled is waived.³ Opposer is aware of no authority upholding reiterated denials under the “any other matter constituting an avoidance or affirmative defense” language and ACT has not cited to any.

ACT also claims that these defenses are “amplified denials” and should not be stricken. Opp. at 7. ACT is mistaken, however, as it *did not plead any facts* in support of those defenses/denials. Thus, unlike *Castro v. Cartwright*, Opposition No. 91188477 (Opp. at 7), ACT’s affirmative defenses do not “provide opposer with notice of applicant’s position” on any of the issues raised. In *Order of Sons of Italy in Am. v. Profumi Fratelli Nostra AG*, 36 U.S.P.Q.2d 1221 (TTAB 1995), the Board struck one of applicant’s affirmative defenses because it was nothing more than a restatement of applicant’s denial. “Applicant's second defense is nothing more than a restatement of that denial. That is, applicant's second defense does not add anything to the denial. Therefore, applicant's second defense is redundant and is hereby stricken.” The Board reached a similar result in *Textron, Inc. v. Gillette Co.*, 180 USPQ 152 (TTAB 1977), where affirmative defenses that “merely reaffirm applicant’s previous denial of opposer’s claim of likelihood of confusion and otherwise add nothing of substance to applicant’s answer” were stricken.

³ See *Tancredi v. Dive Makai Charters*, 823 F. Supp. 778, 785 (D. Haw. 1993) (“Fed.R.Civ.P. 8(c) provides that a responsive pleading must set forth certain enumerated affirmative defenses and/or ‘any other matter constituting an avoidance or affirmative defense.’ Failure to plead an affirmative defense results in the waiver of that defense and its exclusion from the case.”)

For these reasons, ACT's second, third, and fourth "affirmative defenses" should be stricken.

III. THE BOARD SHOULD STRIKE ACT'S DEFENSES WITHOUT LEAVE TO AMEND

The Board should not grant ACT leave to amend its affirmative defenses. As to the "trademark misuse" defense, it is not a valid defense, and ACT could plead no facts to support this hypothetical defense.

As explained, ACT's remaining "defenses" are also not true defenses, and there is no basis for granting leave to amend. While ACT suggests that it could turn the defenses into "amplified denials" (Opp. at 7-8), it has not demonstrated why it should be permitted to do so. Similarly, ACT also claims that Intel will not be prejudiced if the Board declines to strike the defenses. Opp. at 8. However, if ACT's "trademark misuse" defense is not stricken, Intel would likely have to allow discovery into all of its opposition proceedings and other enforcement efforts. While evidence of enforcement efforts is relevant to the strength of the INTEL INSIDE marks (*Caterpillar Inc. v. Rodney C. Kelly*, Opp. No. 91/210,124 (TTAB April 15, 2015) ("aggressive trademark enforcement activities reinforce the strength of its CAT marks")), it should not be forced to engage in overly burdensome discovery into all of its efforts to prevent third parties from using or registering marks that are likely to cause confusion and likely to dilute its famous marks.

Accordingly, all of ACT's affirmative defenses should be stricken without leave to amend.

IV. CONCLUSION

ACT's affirmative defenses should be stricken because they are insufficiently pleaded, improper, or otherwise inapplicable. If these affirmative defenses are not stricken, Intel will be prejudiced by engaging in needless and burdensome discovery and spending time and resources

on the issue. Additionally, because ACT cannot cure the defects with its legally insufficient and inapplicable “affirmative defenses,” they should be stricken with prejudice, and without leave to amend.

Date: June 13, 2016

By: /s/ Bobby Ghajar

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CERTIFICATE OF ELECTRONIC TRANSMISSION

DATE OF DEPOSIT June 13, 2016

I hereby certify that this correspondence is being transmitted to the United States Patent and Trademark Office Trademark Trial and Appeal Board using the Electronic System for Trademark Trials and Appeals (ESTTA) on the date indicated above.

/s/ Marcus Peterson

Marcus Peterson

CERTIFICATE OF SERVICE VIA FIRST CLASS MAIL

I, Marcus Peterson, hereby certify that a true and complete copy of the foregoing Motion to Strike Affirmative Defenses was served on Applicant's counsel, Linda Norcross, Howard & Howard Attorneys PLLC, 450 W. 4th St., Royal Oak, MI 48067, via postage prepaid first-class mail on June 13, 2016.

/s/ Marcus Peterson

Marcus Peterson